

(Revised)



Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

October 29, 2021

Company name: CHUGOKU MARINE PAINTS, LTD.
 Stock exchange listing: Tokyo
 Stock code: 4617 URL <https://www.cmp.co.jp/>
 Representative: President Kenshi Date
 Inquiries: Managing Director Junji Tomochika TEL 03-3506-3951
 Scheduled date to file Quarterly Securities Report: November 11, 2021
 Scheduled date to commence dividend payments: December 2, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	40,969	2.8	<u>1,092</u>	<u>(66.5)</u>	<u>1,336</u>	<u>(61.0)</u>	<u>946</u>	<u>(55.1)</u>
Six months ended September 30, 2020	39,857	(10.3)	<u>3,257</u>	<u>119.8</u>	<u>3,425</u>	<u>97.7</u>	<u>2,107</u>	<u>129.7</u>

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	<u>17.81</u>		-	
Six months ended September 30, 2020	<u>36.29</u>		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of September 30, 2021	<u>105,397</u>		<u>61,638</u>		<u>53.7</u>		<u>1,085.82</u>	
As of March 31, 2021	<u>105,170</u>		<u>62,315</u>		<u>54.6</u>		<u>1,050.10</u>	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	-	17.00	-	17.00	34.00
Year ending March 31, 2022	-	17.00	-	-	-
Year ending March 31, 2022 (Forecast)	-	-	-	18.00	35.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	83,000	0.7	1,500	<u>(76.9)</u>	1,700	<u>(73.3)</u>	1,100	<u>(66.5)</u>	20.70

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	62,000,000 shares	As of March 31, 2021	69,068,822 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	9,904,350 shares	As of March 31, 2021	14,428,845 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	53,134,868 shares	Six months ended September 30, 2020	58,072,791 shares
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These financial results are not subject to review by certified public accountants or auditing firms.

Explanation regarding the appropriate use of forecasts of business results and other special instructions

These forecasts are based on various assumptions made at the date of release of these materials, including the information available at the date of release of these materials and uncertain factors that may affect future results, and the Company makes no representations as to their achievability. Actual results may differ materially from these forecasts as a consequence of various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	24,683	23,109
Notes and accounts receivable - trade	27,937	26,859
Electronically recorded monetary claims - operating	1,822	1,715
Securities	333	107
Merchandise and finished goods	<u>9,695</u>	<u>10,895</u>
Work in process	430	525
Raw materials and supplies	6,704	8,133
Other	1,285	1,659
Allowance for doubtful accounts	(754)	(495)
Total current assets	<u>72,138</u>	<u>72,511</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,046	4,871
Machinery, equipment and vehicles, net	3,566	3,412
Land	13,061	13,069
Other, net	2,775	3,039
Total property, plant and equipment	<u>24,449</u>	<u>24,393</u>
Intangible assets	397	353
Investments and other assets		
Investment securities	7,211	7,086
Retirement benefit asset	109	97
Deferred tax assets	423	444
Other	1,771	2,032
Allowance for doubtful accounts	(1,330)	(1,521)
Total investments and other assets	<u>8,185</u>	<u>8,139</u>
Total non-current assets	<u>33,032</u>	<u>32,886</u>
Total assets	<u>105,170</u>	<u>105,397</u>

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,357	10,406
Electronically recorded obligations - operating	1,248	1,509
Short-term borrowings	16,400	16,529
Current portion of long-term borrowings	2,710	2,007
Accounts payable - other	2,363	2,136
Income taxes payable	945	503
Provision for bonuses	106	227
Provision for product warranties	208	185
Other	<u>2,880</u>	<u>2,634</u>
Total current liabilities	<u>36,219</u>	<u>36,140</u>
Non-current liabilities		
Long-term borrowings	2	700
Long-term accounts payable - other	121	89
Deferred tax liabilities	1,465	1,492
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	<u>1,738</u>	<u>1,984</u>
Other	1,083	1,129
Total non-current liabilities	<u>6,634</u>	<u>7,619</u>
Total liabilities	<u>42,854</u>	<u>43,759</u>
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	1,504
Retained earnings	<u>45,801</u>	<u>45,818</u>
Treasury shares	(12,642)	(8,809)
Total shareholders' equity	<u>52,573</u>	<u>50,140</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,555	2,534
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	<u>(1,625)</u>	<u>92</u>
Remeasurements of defined benefit plans	<u>76</u>	<u>1</u>
Total accumulated other comprehensive income	<u>4,804</u>	<u>6,426</u>
Non-controlling interests	<u>4,938</u>	<u>5,071</u>
Total net assets	<u>62,315</u>	<u>61,638</u>
Total liabilities and net assets	<u>105,170</u>	<u>105,397</u>

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	39,857	40,969
Cost of sales	<u>27,167</u>	<u>30,673</u>
Gross profit	<u>12,689</u>	<u>10,296</u>
Selling, general and administrative expenses	<u>9,431</u>	<u>9,204</u>
Operating profit	<u>3,257</u>	<u>1,092</u>
Non-operating income		
Interest income	98	42
Dividend income	90	105
Royalty income	33	40
Technical advisory fee income	37	26
Foreign exchange gains	26	84
Other	180	178
Total non-operating income	<u>467</u>	<u>477</u>
Non-operating expenses		
Interest expenses	190	173
Other	108	59
Total non-operating expenses	<u>299</u>	<u>232</u>
Ordinary profit	<u>3,425</u>	<u>1,336</u>
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on sale of investment securities	–	277
Total extraordinary income	<u>3</u>	<u>279</u>
Extraordinary losses		
Loss on valuation of investment securities	25	–
Loss related to COVID-19	<u>124</u>	–
Total extraordinary losses	<u>150</u>	–
Profit before income taxes	<u>3,279</u>	<u>1,615</u>
Income taxes - current	794	450
Income taxes - deferred	(44)	50
Total income taxes	<u>749</u>	<u>501</u>
Profit	<u>2,529</u>	<u>1,113</u>
Profit attributable to non-controlling interests	<u>421</u>	<u>167</u>
Profit attributable to owners of parent	<u>2,107</u>	<u>946</u>

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	<u>2,529</u>	<u>1,113</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	345	(20)
Foreign currency translation adjustment	<u>(1,164)</u>	<u>1,731</u>
Remeasurements of defined benefit plans, net of tax	<u>18</u>	<u>(75)</u>
Total other comprehensive income	<u>(800)</u>	<u>1,636</u>
Comprehensive income	<u>1,728</u>	<u>2,749</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>1,457</u>	<u>2,568</u>
Comprehensive income attributable to non-controlling interests	270	<u>181</u>

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	<u>3,279</u>	<u>1,615</u>
Depreciation	940	1,024
Increase (decrease) in allowance for doubtful accounts	53	(198)
Increase (decrease) in other provisions	89	89
Decrease (increase) in retirement benefit asset	4	12
Increase (decrease) in retirement benefit liability	<u>104</u>	<u>74</u>
Interest and dividend income	(189)	(147)
Interest expenses	190	173
Foreign exchange losses (gains)	(13)	(52)
Loss (gain) on sale of investment securities	–	(277)
Loss (gain) on valuation of investment securities	25	–
Loss (gain) on sale and retirement of non-current assets	(2)	4
Decrease (increase) in trade receivables	(386)	1,951
Decrease (increase) in inventories	<u>(354)</u>	<u>(2,089)</u>
Decrease/increase in consumption taxes receivable/payable	(230)	(400)
Increase (decrease) in trade payables	(588)	1,011
Other, net	<u>(432)</u>	<u>(617)</u>
Subtotal	<u>2,490</u>	<u>2,171</u>
Interest and dividends received	196	146
Interest paid	(190)	(174)
Income taxes paid	<u>(313)</u>	<u>(915)</u>
Net cash provided by (used in) operating activities	<u>2,183</u>	<u>1,228</u>
Cash flows from investing activities		
Payments into time deposits	(5,845)	(3,886)
Proceeds from withdrawal of time deposits	5,636	2,809
Net decrease (increase) in short-term loans receivable	10	8
Purchase of non-current assets	(664)	(548)
Proceeds from sale of non-current assets	4	3
Purchase of investment securities	(8)	(11)
Proceeds from sale of investment securities	–	383
Other, net	<u>(25)</u>	<u>(25)</u>
Net cash provided by (used in) investing activities	<u>(893)</u>	<u>(1,266)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(865)	(349)
Proceeds from long-term borrowings	–	700
Repayments of long-term borrowings	(5)	(705)
Proceeds from sale of treasury shares	16	–
Purchase of treasury shares	(703)	(2,485)
Dividends paid	(988)	(928)
Dividends paid to non-controlling interests	(31)	(52)
Other, net	<u>(90)</u>	<u>(103)</u>
Net cash provided by (used in) financing activities	<u>(2,667)</u>	<u>(3,924)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(474)</u>	<u>1,033</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,851)</u>	<u>(2,929)</u>
Cash and cash equivalents at beginning of period	<u>21,479</u>	<u>21,920</u>
Cash and cash equivalents at end of period	<u>19,628</u>	<u>18,990</u>